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File Number: SES-ASG-INTR2005-02304

APPLICATION FOR SATELLITE SPACE AND EARTH STATION AUTHORIZATIONS FOR
TRANSFER OF CONTROL OR ASSIGNMENTFCC 312 MAIN FORM FOR OFFICIAL USE
ONLY

FCC Use Only

APPLICANT INFORMATION

Enter a description of this application to identify it on the main menu:

EARTH STATIONS

1-8. Legal Name of Applicant

Name: ORBIMAGE License Corp.

Phone Number:

703-480-5672

DBA

Fax Number:

703-480-7544

Name:

Street: 21700 Atlantic Boulevard

E-Mail:

warren.william@orbimage.com

City: Dulles

State:

VA

Country: USA

Zipcode:

20166

-

Attention: William L. Warren, Esq.

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9-16. Name of Contact Representative

Name:	James F. Rogers	Phone Number:	202-637-2215
Company:	Latham & Watkins LLP	Fax Number:	202-637-2201
Street:	555 Eleventh Street NW Suite 1000	E-Mail:	jim.rogers@lw.com
City:	Washington	State:	DC
Country:	USA	Zipcode:	20004-
Attention:	James F. Rogers, Esq.	Relationship:	Legal Counsel

CLASSIFICATION OF FILING

17. Choose the button next to the classification that applies to this filing for both questions a. and b. Choose only one for 17a and only one for 17b.

- ☒ a1. Earth Station
- ☐ a2. Space Station

- (N/A) b1. Application for License of New Station
- (N/A) b2. Application for Registration of New Domestic Receive-Only Station
- (N/A) b3. Amendment to a Pending Application
- (N/A) b4. Modification of License or Registration
- ☒ b5. Assignment of License or Registration
- ☐ b6. Transfer of Control of License or Registration
- (N/A) b7. Notification of Minor Modification
- (N/A) b8. Application for License of New Receive-Only Station Using Non-U.S. Licensed Satellite
- (N/A) b9. Letter of Intent to Use Non-U.S. Licensed Satellite to Provide Service in the United States
- (N/A) b10. Other (Please specify)

<p>17c. Is a fee submitted with this application?</p> <p><input checked="" type="radio"/> If Yes, complete and attach FCC Form 159. If No, indicate reason for fee exemption (see 47 C.F.R. Section 1.1114).</p> <p><input type="radio"/> Governmental Entity <input type="radio"/> Noncommercial educational licensee</p> <p><input type="radio"/> Other (please explain):</p>	
<p>17d.</p> <p>Fee Classification A CNS – Fixed Satellite Small Transmit/Receive Earth Station Quantity 1 (First Station)</p> <p>Fee Classification B CFX – Fixed Satellite Transmit/Receive Earth Station Quantity 5 (Each Additional Station)</p>	
<p>18. If this filing is in reference to an existing station, enter:</p> <p>(a) Call sign of station: Not Applicable</p>	<p>19. If this filing is an amendment to a pending application enter:</p> <p>(a) Date pending application was filed: (b) File number of pending application:</p> <p>Not Applicable Not Applicable</p>

TYPE OF SERVICE

20. NATURE OF SERVICE: This filing is for an authorization to provide or use the following type(s) of service(s): Select all that apply:

- ☒ a. Fixed Satellite
- ☐ b. Mobile Satellite
- ☐ c. Radiodetermination Satellite
- ☒ d. Earth Exploration Satellite
- ☐ e. Direct to Home Fixed Satellite
- ☐ f. Digital Audio Radio Service
- ☐ g. Other (please specify)

21. STATUS: Choose the button next to the applicable status. Choose only one.

- ☐ Common Carrier ☒ Non-Common Carrier

22. If earth station applicant, check all that apply.

- ☒ Using U.S. licensed satellites
- ☒ Using Non-U.S. licensed satellites

23. If applicant is providing INTERNATIONAL COMMON CARRIER service, see instructions regarding Sec. 214 filings. Choose one. Are these facilities:

- ☐ Connected to a Public Switched Network ☐ Not connected to a Public Switched Network ☒ N/A

24. FREQUENCY BAND(S): Place an "X" in the box(es) next to all applicable frequency band(s).

- ☒ a. C-Band (4/6 GHz) ☐ b. Ku-Band (12/14 GHz)
 - ☒ c. Other (Please specify upper and lower frequencies in MHz.)
- Frequency Lower: 8025 Frequency Upper: 8400

TYPE OF STATION

25. CLASS OF STATION: Choose the button next to the class of station that applies. Choose only one.

- ☒ a. Fixed Earth Station
- ☐ b. Temporary-Fixed Earth Station
- ☐ c. 12/14 GHz VSAT Network
- ☐ d. Mobile Earth Station
- ☐ e. Geostationary Space Station
- ☐ f. Non-Geostationary Space Station
- ☐ g. Other (please specify)

26. TYPE OF EARTH STATION FACILITY: Choose only one.

- ☒ Transmit/Receive ☐ Transmit-Only ☐ Receive-Only ☐ N/A

PURPOSE OF MODIFICATION

27. The purpose of this proposed modification is to: (Place an "X" in the box(es) next to all that apply.)

Not Applicable

ENVIRONMENTAL POLICY

28. Would a Commission grant of any proposal in this application or amendment have a significant environmental impact as defined by 47 CFR 1.1307? If YES, submit the statement as required by Sections 1.1308 and 1.1311 of the Commission's rules, 47 C.F.R. 1.1308 and 1.1311, as an exhibit to this application. A Radiation Hazard Study must accompany all applications for new transmitting facilities, major modifications, or major amendments.

☐ Yes ☒ No

Exhibit A

ALIEN OWNERSHIP Earth station applicants not proposing to provide broadcast, common carrier, aeronautical en route or aeronautical fixed radio station services are not required to respond to Items 30–34.

29. Is the applicant a foreign government or the representative of any foreign government?

☐ Yes ☒ No

30. Is the applicant an alien or the representative of an alien?

☐ Yes ☐ No
☒ N/A

31. Is the applicant a corporation organized under the laws of any foreign government?

☐ Yes ☐ No
☒ N/A

32. Is the applicant a corporation of which more than one-fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?

☐ Yes ☐ No
☒ N/A

33. Is the applicant a corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?

☐ Yes ☐ No
☒ N/A

34. If any answer to questions 29, 30, 31, 32 and/or 33 is Yes, attach as an exhibit an identification of the aliens or foreign entities, their nationality, their relationship to the applicant, and the percentage of stock they own or vote.

BASIC QUALIFICATIONS

35. Does the Applicant request any waivers or exemptions from any of the Commission's Rules?
If Yes, attach as an exhibit, copies of the requests for waivers or exceptions with supporting documents.

☐ Yes ☒ No

36. Has the applicant or any party to this application or amendment had any FCC station authorization or license revoked or had any application for an initial, modification or renewal of FCC station authorization, license, or construction permit denied by the Commission? If Yes, attach as an exhibit, an explanation of circumstances.

☐ Yes ☒ No

37. Has the applicant, or any party to this application or amendment, or any party directly or indirectly controlling the applicant ever been convicted of a felony by any state or federal court? If Yes, attach as an exhibit, an explanation of circumstances.

☐ Yes ☒ No

38. Has any court finally adjudged the applicant, or any person directly or indirectly controlling the applicant, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement or any other means or unfair methods of competition? If Yes, attach as an exhibit, an explanation of circumstances

☐ Yes ☒ No

39. Is the applicant, or any person directly or indirectly controlling the applicant, currently a party in any pending matter referred to in the preceding two items? If yes, attach as an exhibit, an explanation of the circumstances.

☐ Yes ☒ No

40. If the applicant is a corporation and is applying for a space station license, attach as an exhibit the names, address, and citizenship of those stockholders owning a record and/or voting 10 percent or more of the Filer's voting stock and the percentages so held. In the case of fiduciary control, indicate the beneficiary(ies) or class of beneficiaries. Also list the names and addresses of the officers and directors of the Filer.

41. By checking Yes, the undersigned certifies, that neither applicant nor any other party to the application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance. See 47 CFR 1.2002(b) for the meaning of "party to the application" for these purposes.

☒ Yes ☐ No

42a. Does the applicant intend to use a non-U.S. licensed satellite to provide service in the United States? If Yes, answer 42b and attach an exhibit providing the information specified in 47 C.F.R. 25.137, as appropriate. If No, proceed to question 43.

☒ Yes ☐ No

Exhibit B

42b. What administration has licensed or is in the process of licensing the space station? If no license will be issued, what administration has coordinated or is in the process of coordinating the space station? See Exhibit C

43. Description. (Summarize the nature of the application and the services to be provided).
(If the complete description does not appear in this box, please go to the end of the form to view it in its entirety.)

See Exhibit F (response to Item A21).

Exhibit C

CERTIFICATION

The Applicant waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests an authorization in accordance with this application. The applicant certifies that grant of this application would not cause the applicant to be in violation of the spectrum aggregation limit in 47 CFR Part 20. All statements made in exhibits are a material part hereof and are incorporated herein as if set out in full in this application. The undersigned, individually and for the applicant, hereby certifies that all statements made in this application and in all attached exhibits are true, complete and correct to the best of his or her knowledge and belief, and are made in good faith.

44. Applicant is a (an): (Choose the button next to applicable response.)

- ☐ Individual
- ☐ Unincorporated Association
- ☐ Partnership
- ☒ Corporation
- ☐ Governmental Entity
- ☐ Other (please specify)

45. Name of Person Signing
William L. Warren

46. Title of Person Signing
Vice President & General Counsel

47. Please supply any need attachments.

Attachment 1:

Attachment 2:

Attachment 3:

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND / OR IMPRISONMENT
(U.S. Code, Title 18, Section 1001), AND/OR REVOCATION OF ANY STATION AUTHORIZATION
(U.S. Code, Title 47, Section 312(a)(1)), AND/OR FORFEITURE (U.S. Code, Title 47, Section 503).

SATELLITE EARTH STATION AUTHORIZATIONS

FCC Form 312 – Schedule A
FOR OFFICIAL USE ONLY

Select one of the following

- ☐ CONSENT TO TRANSFER OF CONTROL
 ☒ CONSENT TO ASSIGNMENT OF LICENSE
☐ NOTIFICATION OF TRANSFER OF CONTROL OF RECEIVE ONLY REGISTRATION
 ☐ NOTIFICATION OF ASSIGNMENT OF RECEIVE ONLY REGISTRATION

A1. Name of Licensee (as shown on FCC 312 – Main Form)

Name:	Space Imaging LLC	Phone Number:	303-254-2094
DBA Name:		Fax Number:	303-254-2317
Street:	12076 Grant Street	E-Mail:	MKling@SpaceImaging.com
City:	Thornton	State:	CO
Country:	USA	Zipcode:	80241 -
Attention:	Mark A. Kling, Esq.		

A8. List Callsign(s) of station(s) being assigned or transfered

Callsign: E970270	Callsign: E970354	Callsign: E000150	Callsign: E000103	Callsign: E970271	Callsign: E960463	Callsign:	Callsign:
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A9. No. of station(s) listed

6

A10. Name of Transferor/ Assignor

Name:	Space Imaging LLC	Phone Number:	303-254-2094
Company:	Space Imaging LLC	Fax Number:	303-254-2317
Street:	12076 Grant Street	E-Mail:	MKling@SpaceImaging.com
City:	Thornton	State:	CO
Country:	USA	Zipcode:	80241 -
Attention:	Raymond G. Bender, Jr., Esq.	Relationship:	Legal Counsel

A15. Name of Transferee/ Assignee

Name:	ORBIMAGE License Corp.	Phone Number:	703-480-5672
DBA Name:		Fax Number:	703-480-7544
Street:	21700 Atlantic Boulevard	E-Mail:	warren.william@orbimage.com
City:	Dulles	State:	VA
Country:	USA	Zipcode:	20166 -
Attention:	William L. Warren, Esq.		

A20. If these facilities are licensed, is the transferee / assignee directly or indirectly controlled by any other entity? ☒ Yes
 If yes, attach as Exhibit E, a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control including: (1) the name, address, citizenship, and primary business of the controlling entity and any intermediate subsidiaries or parties, and (2) the names, addresses, citizenship, and the percentages of voting and equity stock of those stockholders holding 10 percent or more of the controlling corporation's voting stock. ☐ No ☐ N/A

A21. If these facilities are licensed, attach as Exhibit F, a complete statement setting forth the facts which show how the assignment or transfer will serve the public interest.

CERTIFICATION

1. The undersigned, individually and for licensee, certifies that all attached exhibits pertain to Schedule A and all statements made in Schedule A of this application are true, complete and correct to the best of his/her knowledge and belief. The undersigned also certifies that any contracts or other instruments submitted herewith are complete and constitute the full agreement.

2. The undersigned represents that stock will not be delivered and that control will not be transferred until the Commission's consent has been received, but that transfer of control or assignment of license will be completed within 60 days of Commission consent. The undersigned also acknowledges that the Commission must be notified by letter within 30 days of consummation.

A22. Printed Name of Licensee (Must agree with A1) Space Imaging LLC	A24. Title (Office Held by Person Signing) Mark A. Kling, Vice President & General Counsel
A26. Printed Name of License Transferor / Assignor (Must agree with A10) Space Imaging LLC	A28. Title (Office Held by Person Signing) Mark A. Kling, Vice President & General Counsel
A26. Printed Name of License Transferee / Assignee (Must agree with A15) ORBIMAGE License Corp.	A28. Title (Office Held by Person Signing) William L. Warren, VP & General Counsel

FCC NOTICE REQUIRED BY THE PAPERWORK REDUCTION ACT

The public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data, and completing and reviewing the collection of information. If you have any comments on this burden estimate, or how we can improve the collection and reduce the burden it causes you, please write to the Federal Communications Commission, AMD-PERF, Paperwork Reduction Project (3060-0678), Washington, DC 20554. We will also accept your comments regarding the Paperwork Reduction Act aspects of this collection via the Internet if you send them to jboley@fcc.gov. PLEASE DO NOT SEND COMPLETED FORMS TO THIS ADDRESS.

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THE FOREGOING NOTICE IS REQUIRED BY THE PAPERWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.

Exhibit A
Response to Item 24
Additional Frequency Use

The earth stations also operate in the 2 GHz band, with a lower frequency of 2042 MHz and an upper frequency of 2052 MHz.

Exhibit B
Response to Item 42a
Communication with Non-U.S.-licensed Satellites

Space Imaging has been authorized by the FCC to communicate with the Non-U.S.-licensed satellites listed on Space Imaging's various earth station authorizations. Currently, Space Imaging receives remotely-sensed data from Indian satellites IRS-1D and IRS-P6 and from European satellite ERS-2. In addition, Space Imaging's C-band earth station located in Thornton, CO, holds an ALSAT designation and therefore is authorized to communicate with Non-U.S.-licensed satellites appearing on the Commission's Permitted List.

Exhibit C
Response to Item 42b
Foreign Administrations

India and France are the foreign administrations involved in the process of licensing the Non-U.S.-licensed satellites listed on Space Imaging's various earth station authorizations.

Exhibit E
Response to Item A20
Ownership and Control of ORBIMAGE

The Applicant, ORBIMAGE License Corp., a Delaware corporation, is a wholly-owned subsidiary of ORBIMAGE Inc., a Delaware Corporation. ORBIMAGE Inc. is a wholly-owned subsidiary of ORBIMAGE Holdings Inc. (the "Parent Company"), which also is a Delaware Corporation. As of October 3, 2005, the persons and entities holding ten percent or more of the voting stock of the Parent Company, are as follows:

Table 1
Ten percent stockholders

Name	Address	Percentage held	Citizenship
Harbert Distressed Investment Master Fund, Ltd ¹	C/O International Fund Services (Ireland) Limited Third Floor Bishop's Square, Redmond's Hill Dublin 2, Ireland	38.8% ²	Cayman Islands ³

The Communications Act does not restrict foreign ownership of Earth exploration satellite licensees. *See* 47 U.S.C. § 310(b). Nor does it contravene the broader public interest to permit

¹ Harbert Distressed Investment Master Fund, Ltd (the "Master Fund") is a private equity fund. The sole investment manager of the Master Fund is HMC Distressed Investment Offshore Manager, L.L.C. ("HMC Management"), a Delaware LLC. HMC Investors, L.L.C., a Delaware LLC, is the managing member of HMC Management. The address of HMC Management is 555 Madison Avenue, 16th Floor, New York, NY 10022. The applicant believes that substantially all of the investors in the Master Fund are domiciled in the United States, but does not have specific information as to the investors in the Master Fund.

² This percentage includes all shares beneficially held by the Master Fund, some of which may be through one or more intermediaries, of which the applicant is unaware.

³ The Master Fund is a Cayman Islands company with a principal place of business in Dublin, Ireland. *See also* note 1, above. The Master Fund's holdings are the sole "foreign" holdings of which the Applicant is aware.

such foreign holdings of a satellite licensee, or any other licensee. *See, e.g. Petition of Paradise Merger Sub Inc. for Declaratory Ruling*, Declaratory Order and Ruling, DA 05-170 (Policy Div. Int'l Bur., rel. Jan. 25, 2005) (permitting substantial foreign ownership, through offshore private equity funds, of a common carrier radio licensee).

The names and addresses of the officers and directors of the Applicant are as follows: -

Table 2
Officers and Directors of ORBIMAGE

Name	Position	Address	Citizenship
James A. Abrahamson	Chairman of the Board, Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
Matthew M. O'Connell	President and Chief Executive Officer, Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
Joseph M. Ahearn	Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
Talton R. Embry	Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
Lawrence A. Hough	Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
John W. Pitts	Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
William W. Sprague	Director	21700 Atlantic Blvd. Dulles, VA 20166	United States
William Schuster	Chief Operating Officer	21700 Atlantic Blvd. Dulles, VA 20166	United States
Timothy J. Puckorius	Senior Vice President, Worldwide Marketing & Sales	21700 Atlantic Blvd. Dulles, VA 20166	United States
William L. Warren	Vice President, General Counsel and Secretary	21700 Atlantic Blvd. Dulles, VA 20166	United States

Exhibit F
Response to Item A21
Description of the Transaction/Public Interest Statement

I. DESCRIPTION OF THE TRANSACTION

A. The Earth Imaging Industry/Description of the Parties

Earth imaging systems collect, process and distribute digital imagery of the Earth's land, oceans and atmosphere. Space Imaging, LLC ("Space Imaging") and ORBIMAGE Inc. ("ORBIMAGE"), both U.S.-based earth imaging satellite systems, compete with a number of satellite and aerial providers, both domestic and foreign, to provide imagery of the Earth.

ORBIMAGE is the licensee of the OrbView-3 satellite and three earth stations, which are located in Dulles, VA; Point Barrow, AK; and Fairmont, WV. The FCC licenses these facilities in the Earth Exploration Satellite Service ("EESS"). ORBIMAGE maintains imagery processing facilities in St. Louis, MO and Dulles, VA, as well as customer ground stations for processing and distributing imagery in Seoul, Korea; Tokyo, Japan; and Taipei, Taiwan. ORBIMAGE's customers include the U.S. Federal Government, state and local governments, and friendly foreign governments. It also has a small number of commercial customers, including utilities, oil and gas companies, environmental agencies, foresters, farmers, and fisheries. ORBIMAGE offers its customers feature-driven value-added services that transform sterile images into colorful maps and similar products.

Space Imaging is the licensee of the IKONOS spacecraft and six earth stations, located in Thornton, CO; Norman, OK; Garland, TX; and Fairbanks, AK, that support the

company's EESS business. Space Imaging launched the world's first commercial high-resolution imaging satellite, IKONOS, in 1999. The IKONOS satellite has a limited remaining life span, and is expected to cease operations in the first quarter of 2008.

Space Imaging delivers high-quality geographic information products and decision-making tools to federal defense and intelligence agencies, civil governments and commercial users worldwide through its extensive processing and distribution network. Space Imaging maintains a network of fourteen regional affiliates, thirteen of which can task the IKONOS satellite to collect and download remotely-sensed data and imagery. In addition, Space Imaging maintains an extensive archive of images amassed over its many years of service, and sells nearly half of its images from that archive.

B. The Transaction

On September 15, 2005, Space Imaging entered into an Asset Purchase Agreement with ORBIMAGE Holdings Inc. and ORBIMAGE pursuant to which ORBIMAGE agreed to purchase substantially all of the assets of Space Imaging (the "Proposed Transaction"). Upon consummation of the Proposed Transaction, ORBIMAGE will own and operate Space Imaging's IKONOS satellite and six earth stations, and will acquire Space Imaging's library of archived images, its employment relationships with many of its employees, and its customer base, including a strong network of international relationships.

This application seeks FCC consent for Space Imaging to assign to ORBIMAGE License Corp., a wholly-owned subsidiary of ORBIMAGE, the authorizations identified by the call signs listed on this Form 312, as well as all associated Special Temporary Authorizations

("STAs") and applications for new, modified, or extended authority that may be filed or granted prior to the consummation of the transaction.¹

ORBIMAGE License Corp. is financially, technically and legally qualified to be a Commission licensee. Its fitness as a Commission licensee, and its ability to operate earth exploration satellites, is well established.² Further, as discussed more fully below, the Proposed Transaction will serve the public interest, convenience and necessity by creating efficiencies that do not currently exist in the earth imagery business.

II. COMPETITIVE DESCRIPTION AND PUBLIC INTEREST BENEFITS

Section 310(d) of the Communications Act and the Commission's rules require applicants for consent to assign licenses to show that grant of the applications is consistent with the "public interest, convenience and necessity."³ In evaluating proposed transactions, the Commission "employs a balancing process weighing any potential public interest harms of the Proposed Transaction against any potential public interest benefits."⁴ The Commission's analysis is "informed by . . . antitrust principles," but also considers the specific benefits of a transaction, including "the quality of services" and "the provision of new or additional services to consumers."⁵

¹ Space Imaging currently has pending applications to modify the licenses of earth stations E960463, E970354, E970270, and E970271 by reducing the minimum operating elevation angles for receive-only operations.

² See *Orbital Imaging Corporation*, Order and Authorization, 14 FCC Rcd 2997 (Int'l Bur. 1999).

³ 47 U.S.C. § 310(d).

⁴ Applications of Nextel Communications, Inc. and Sprint Corporation, *Memorandum Opinion and Order*, WT Dkt. No. 05-63, FCC No. 05-148, rel. Aug. 8, 2005, ¶ 20.

⁵ *Id.*, ¶¶ 21, 22.

Viewed in this context, it is evident that approval of the Proposed Transaction will serve the public interest. The global earth imaging market is highly competitive. The Proposed Transaction will not result in undue market concentration or anticompetitive effects. Rather, it will allow ORBIMAGE to realize certain efficiencies and other benefits, including cost savings, that will enable ORBIMAGE better to serve its customers. In addition, the Proposed Transaction will advance the Commission's pro-competitive policies and will serve the public interest in other significant respects.

A. The Proposed Merger Will Not Harm Competition

1. The Development of the U.S. Earth Imaging Business

The U.S. commercial earth imaging satellite firms exist by virtue of the actions and policies of the United States government. Indeed, the government deliberately created a private U.S. satellite segment to ensure the availability of vital imaging for national security and other purposes. Over time, the U.S. government has shaped the segment by dictating, among other things, the number of participating firms and how much imagery the government would buy from each firm. This process began when Congress passed the Landsat Remote Sensing Policy Act of 1992, which recognized that private satellite systems required government support in order to survive and which created an independent licensing scheme administered by the National Oceanic and Atmospheric Administration ("NOAA").

In 1994, President Clinton signed a Presidential Decision Directive authorizing U.S. commercial companies to compete by developing more competitive and sophisticated services.⁶ As a result of the 1994 Directive, Space Imaging was born. The federal government's

⁶ See *Presidential Decision Directive/National Security Council (NSC) NSC-23, U.S. Policy on Foreign Access to Remote Sensing Space Capabilities*, dated March 9, 1994.

commitment to sustaining and enhancing the commercial earth imaging industry was further strengthened by President Bush in 2003.⁷ The earth imagery satellite arena remains heavily dependent upon, and is closely regulated by, NOAA and other federal agencies. In fact, the U.S. government is the largest customer of U.S. earth imaging companies. More than fifty percent of both ORBIMAGE's and Space Imaging's imagery revenues are derived from U.S. government business.

The National Geospatial Intelligence Agency ("NGA"), an agency of the Department of Defense, awards contracts to ensure the availability of high-resolution satellite imagery to meet U.S. government needs, including vital intelligence requirements. These contracts provide a subsidy toward the construction and launch of high-resolution satellites and provide for the government's purchase of a substantial amount of images. The "ClearView" program was created to ensure the availability of high-resolution satellite imagery of 1.0 meter or better. Between 2003 and 2004, NGA awarded ClearView contracts to Space Imaging, DigitalGlobe, and ORBIMAGE. The ClearView contracts generally will expire over the next two years, subject to some limited options to renew.

NGA created the "NextView" program to ensure the availability of next-generation high-resolution satellite imagery of 0.5 meter or better. Like ClearView, these contracts are intended both to purchase imagery and to support construction and launch of the next-generation satellites. In 2003 and 2004, NGA decided to award only two NextView contracts. DigitalGlobe, Space

⁷ See *U.S. Commercial Remote Sensing Space Policy*, White House News Release, dated May 13, 2003 (the "U.S. Policy"), available online at <http://www.whitehouse.gov/news/releases/2003/05/20030513-8.html>.

Imaging and ORBIMAGE each submitted bids for a NextView contract. DigitalGlobe and ORBIMAGE were awarded contracts; Space Imaging was not.

In creating the NextView program, NGA made a conscious decision to award only two earth imaging contracts instead of the three contracts that had been awarded under the ClearView program. NGA determined that for competitive and risk prevention reasons, two U.S. suppliers would be enough to serve the needs of the U.S. government going forward.⁸

As a result, Space Imaging is not positioned to be a strong competitive force in the industry and, absent the Proposed Transaction, would be forced to exit the earth imagery business. Space Imaging's owners, Lockheed Martin Corporation and Raytheon Company, decided in 2002 that they would not make any further investment in the company. Consequently, Space Imaging was forced to depend on the NextView program to provide substantial financial support for deployment of its next-generation satellite system. After losing both NextView contracts, Space Imaging was left with no source of funding for the deployment of additional satellites. Without funding from the government or its owners, Space Imaging cannot compete against global imaging companies that have strong balance sheets or are backed by supportive investors or foreign governments. Nor could the capital markets be expected to provide the necessary financing if Space Imaging were to attempt to continue on a stand-alone basis without the reassurance of a government contract. Thus, Space Imaging cannot afford to launch a new satellite after its existing IKONOS satellite ceases operation, which is expected to

⁸ See Transcript of NGA Press Conference with Jaan Loger, Director of InnoVision, and Sandy Jacks, NGA Program Manager (Oct. 1, 2004), at page 3 (Loger stating "When we first worked on this [national policy] over a year ago, we concluded that two was sufficient on two grounds. [O]ne...is the need, the desire for competition. And the other one is frankly a risk prevention measure on our part.").